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DISCUSSION.

GEORGE E. ROBERTS: The rise of the United States as an industrial power is a new demonstration that the most important factors in the industrial progress of a country are found in the intellectual and moral characteristics of its people. It has been demonstrated here anew that the secret of industrial prowess is in efficient methods. It is not in long hours of labor, or in habits of economy, or in having a docile, disciplined, but inert population. It is not the cost of labor per day, but per unit of product, that determines industrial superiority. The highest productive capacity is found in those who have energy and fertility of mind, who are most alert and enterprising, who, instead of being bound by custom and tradition, have the impulse to inquire, to contrive and initiate. Such capacity requires individuality in a population, the habit of independent and responsible action; it requires the inspiration of hope and opportunity. Probably there has never been a population on the globe that was equal in these qualities to the people who inhabit the United States. They are an amalgamation of the most vigorous nationalities of the world, brought about by the emigration of the most enterprising individuals of each, that movement in itself, with all it involves, being the most stirring to which human nature could be subjected. They come with their minds awakened and receptive, conservatism and tradition broken down by the act of coming, hope and courage stimulating every faculty. The possibilities offered by this country, the prizes within the reach of all and being daily won, have a most stimulating influence. The

restlessness of our people is the restlessness of those who see their fellows succeed and are impatient to succeed themselves. Every unit in the fermenting mass is an independent and potent factor. Our form of government cultivates this individuality. It identifies and dignifies, and gives responsibility to every man. De Tocqueville declared that he had no doubt that the democratic institutions of this country contributed to the prodigious commercial activity of its inhabitants. A distinguished German writer says that the Americans have a quality of daring, of unrest, of assertiveness, of unexpectedness in action. An English trade journal explains our industrial progress as due to the restless energy and strong inventive genius of the American people. The *London Times* says, "the threatened competition [from the United States] in markets hitherto our own, comes from efficiency in production such as has never before been seen."

The industrial supremacy of England, so long maintained, has doubtless been due to the same mental energy, individual independence, and originality. And so we may trace the industrial rise of Germany since 1870, in some degree at least, to the mental stimulus given by her tremendous effort against France, her victory and the consciousness of an enlarged national life. Such an awakening makes a people fruitful in every field of effort. No people who are simply patient, imitative and industrious, but without this intellectual life and energy, no people who are conservative rather than enterprising, can equal the people of the United States in productive capacity. They will fail to do it even with capable leadership. Japan has had a marvelous awakening, has a government not lacking in enterprise or ability, and her people are alert and receptive ;

but the fear of Japanese competition often expressed a few years ago has passed away. The attempt to use Chinese labor in cotton factories in China has not been successful. They have not inherited the faculty of adaptability. They will learn, but by the time they learn, the methods will be obsolete. A people who depend for advancement upon imported leaders can never keep pace with a people who are themselves fertile of leaders.

The people of the United States occupy a most fortunate and enviable position at this time. No other country has its population so completely equipped with labor-saving tools and machinery, or has such industrial efficiency, man for man. No other people who approach us in industrial efficiency has such a wealth of natural resources at their command. Mr. Carnegie says that the nation which makes the cheapest steel has other nations at its feet in most branches of manufacturing, and our supremacy in this industry seems to be established.

We have scarcely come to a full appreciation of our new situation, and of the modifications in our policies which it evidently requires. We have been intent upon the development of these natural resources which our people have recognized as the basis of future supremacy. We have encouraged the transplanting of industries, and made what temporary sacrifices were necessary to that end. We have diversified the occupations of our people that every aptitude and talent may have employment, and have had the satisfaction of seeing their genius contribute to the advancement of industry the world over. Our policy in this respect has been one instinctive to a vigorous people, conscious of great latent resources. But there is a danger that we may carry this spirit and

policy of independence to a point where it will mean isolation, a suppression of intercourse with other peoples at the very time when we can profit most by intercourse. There is a disposition to regard all that we may buy abroad as representing money lost. We are told that we pay so many millions for a given article of commerce, and the conclusion is easily reached that we ought to produce it at home. This may or may not be profitable. It depends upon what else we have to do. It does not pay a man who can earn four dollars per day to divert his energies to work worth one dollar per day. The professional man and the mechanical expert do not dig their own ditches. The people of the United States are high grade workers. The industrial efficiency to which they have attained is such that they cannot afford to do all their own work, or to be shut up to live within and upon themselves, if they can help it. Thus confined, they would lose the advantages which high grade capacity and extraordinary resources secure in the exchanges. What we want is to do the world's best paid work, to enlarge the markets for the industries which yield us the most profit and in which there are the largest possibilities to establish ourselves in the same profitable position in the exchanges of the world that the most skillful, intelligent and resourceful individuals always hold in the exchanges of a local community.

We are all eager to sell, to find foreign customers, but we need to ponder the wise counsel of our lamented President, that we cannot sell everything and buy little or nothing. We cannot do all the work of the world. Other people must have industries, must prosper, or they certainly cannot buy from us. During the three years which ended June 30th last, the excess of our merchandise exports over imports amounted to \$1,739,499,252, a sum

which exceeds the present stock of gold in all the banks of Europe. It is manifestly impossible to collect such balances in money. To attempt it would be to occasion financial disturbances that would react upon us, and do us vastly more harm than any scheme of reciprocal trade possibly could, with all allowance to the fears of those who oppose such a policy.

The inhabitants of the tropics have their industries, limited in number, upon which their prosperity and progress depend. If these industries be developed, these people will be utilized in the economy of the world; they will rise in the scale of civilization and become buyers and consumers of manufactured goods. If the industries upon which they depend for employment be crushed, if their products be refused a market, these countries will be sealed up to barbarism, their populations denied a sphere of usefulness, and we shall have to withdraw labor from more remunerative employment to do their work.

The recent expansion of our exports is based upon elements of superiority that will endure; but that superiority will avail little unless our relations with other peoples are those of comity and reciprocity. Two policies are open for us to pursue. One is the policy of isolation and exclusion, the policy of doing all our own work, and of being confined to our own work and markets. It is a policy that will sacrifice our advantages. It is inconsistent with the genius and ambitions of our people. The other policy is that of fair trade, of amicable arrangements with others, which, while pressing our products into foreign markets, will recognize the fundamental truth that every country must employ its people in some manner, and that, if we are to supply their wants in some line, they must divert their labor into

other lines. It is impossible wholly to suppress the energies of a people, at least to suppress them and have that people remain a factor in the commercial world. If restricted in one direction, they must expand in another. Hence no plan for the expansion of our foreign trade can be successful that does not allow for the development and prosperity of our foreign customers.

By education and technical training and by the peculiar aptitude of our people, we may hope to secure industrial supremacy in the sense of commanding the most advanced and progressive industries; we may hope to enjoy the legitimate advantages of superior productive capacity; but we must concede to everybody some place in the world of industry, either a section of the earth from which we are wholly excluded, or a share in the exchanges,—and we must seek for permanent trade abroad through policies that contemplate the harmonious advancement of all mankind.

CHARLES A. CONANT: The address of Mr. Brooks Adams is so interesting, both in matter and manner—and gives such a dazzling panoramic vision of the movement of world history—that it requires some courage to contest any of his broad conclusions. With many of these conclusions I am in agreement. The struggle among the nations for commercial supremacy is a reality which has grown more stern as the struggle has become more intense with the improvement of machinery, the increase in the mass of capital seeking investment, and the contest even for remote islands and pestilential marshes under the equator in the national hunger for land and competitive opportunities.

I think that Mr. Adams, however, gives too great an importance to the part played by money and the pre-

cious metals among the forces contributing to national greatness. According to my view of these problems, the ebb and flow of the precious metals is a consequence and not a cause of national prosperity. To inquire where gold has been plentiful, and hence to argue that gold has been the cause of prosperity, is putting the cart before the horse. Undoubtedly a great commercial nation needs the precious metals for carrying on her exchanges, and would be more or less paralyzed without them. But producing power brings gold, while the possession of mines does not imply the power to retain it. The vital element in national greatness is the capacity to produce goods with economy. When a nation solves this problem of economical production, it may snap its fingers in the faces of its competitors. It draws their gold into its exchequer, in spite of every artificial device which they may employ to hold it. Silver and gold may be a valuable asset in themselves, as they were for our country when the mines of California were opened, and as they were for Australia in contributing to her great development. But the mere possession of mines of gold and silver is a minor element in the struggle for national power. This is proved clearly enough by one of Mr. Adams's own illustrations. Spain was the possessor of the riches of Mexico and Peru, but she could not hold them long against the seductive power of English manufacturing and agricultural energy. The goods and commercial policy of England, though scarcely an ounce of gold or silver has in modern times come from her mines, drew away the gold of Spain, as if by a magnet, three centuries ago, and have continued to attract to London the gold of the world through the centuries which have followed.

It has been said that "gold is a coward." This is

true so far as it implies that gold follows the shining path of commercial success. The true magnet which draws gold into any country is the possession of capital. Capital is much more effective in the form of manufacturing machinery, railways and steamship lines, than in the form of the precious metals. In these efficient forms capital commands the precious metals and draws them from the hands of the most persistent misers. The capacity for economical production is a vastly better heritage for any people than a mountain of silver or a river whose bed shines with gold. This capacity for producing goods at the lowest cost is not the result merely of a low scale of wages. Rather is it due to a high scale of efficiency. Yet it is not the result of individual efficiency alone, although that is most important, but of capacity for organization, invention and the combining of the factors of production.

Fortunately these powers seem to have reached their culmination to-day in the Anglo-Saxon race and pre-eminently among the people of the United States. Through farming on a large scale, through railway combinations which stagger the world by their immensity, through the consolidation of banks, through the elimination of weak manufacturing concerns, and the concentration of the highest efficiency in modern machinery, the average producing power of the American people has become greater than that of any other. As a consequence they are beginning to undersell all other peoples in the markets of the world. These things might be true as the result of the organizing capacity of a few minds, even if the productive capacity of the ordinary worker were the same in America as in Germany, and the same in Germany as in Japan or the Philippines. When, however, to this great capacity for organization

is added a higher individual intelligence among the workers, with a resulting increase of capacity to accomplish results, and a higher standard of well-being, increasing both physical and intellectual power, it is obvious that under existing conditions America is capable of all with which she has been credited by the previous speaker and of a continuing series of triumphs in time to come.

It is truly the function of modern economics, as Mr. Adams contends, to seek out the causes of national greatness and endeavor to teach them to coming generations. In a broad sense, however, it is doubtful if the recipe for perpetual life will ever be found for nations any more than for individuals. Birth, youth, vigorous manhood, and then decay have marked the history of all the great states of antiquity, and in spite of occasional eccentricities seem in our own day to be pursuing the same round. If the movement of national life from the beginnings up to the zenith of achievement and then downward into the abyss of despair are less clearly marked than in antiquity, it is partly because the close communion of all parts of the earth enables a dying nation to absorb a little of the energy of modern life from her vigorous competitors. Within recent times we have witnessed the regeneration of Japan from a civilization long petrified and and dying; we have seen Algeria and Egypt lifted from the coffin of mediaeval barbarism and breathing the breath of modern life, we are witnessing proposals to give a new birth to the moribund empire of China.

We should guard ourselves against the confident belief that our future is secure in the audacious spirit and inventive genius of our captains of industry. National prosperity has often been sapped at the roots by events

having but a remote connection with national character. The change in routes of trade has isolated communities which were once the focus of the world's exchanges. The environment which was favorable to economic progress under one set of conditions has failed under a new set of conditions. It was once the countries with an extended and sinuous coast line, offering many inlets and landing places, which were most fortunately placed for the control of trade. With the construction of railways, great interior areas were suddenly thrown open to commerce, changing coast lines and rivers into subordinate factors and making possible the dominance of the Dakotas and of Siberia as producers of the world's food supplies. Steam power on the ocean worked its revolution, and electricity promises to work new revolutions in its turn. Some invention yet beyond our power of comprehension may destroy the value of every dock at Liverpool or New York, or make waste iron of the world's four hundred thousand miles of rail. Against such conditions even national energy may struggle in vain, if out of the logic of events the new inventions do not spring from the brain and hand of the energetic and governing race.

For the present, and probably for several generations to come, the Anglo-Saxon peoples are the masters of energy, the inventive genius, the power of organization and combination of the world. To them is committed the great trust of teaching to the younger races the civilization which has been built up through the seven centuries of English free speaking and unfettered thinking since Magna Charta, through even the twenty-five centuries which link modern civilization with the arts of Greece and Rome. It seems to me a singularly narrow conception of the duties of our race which desires to put

aside this leadership, great as are its burdens, and shut ourselves up to a sort of insular vegetation at home. The conditions of the modern world do not permit the realization of such a dream. New markets must be found for our surplus products, new openings must be found for the great capital which we desire rather to convert into permanent sources of wealth than to consume as it is produced.

To one who has had a glimpse of Oriental life, as has been my privilege in the last few months, the absolute necessity of Caucasian leadership, and the vital part which is played in that leadership by Great Britain and America, stand out among the essential lessons of our time. Great opportunities are opening for American enterprise and capital in the Philippines, and are likely to open soon in China. Untold wealth lies there in agricultural products, the raw materials of manufacture, investment opportunities, in mines of copper, coal and gold. If little has yet been accomplished in extending our trade in our own possessions, it is because there has been time only for the work of preparation. When Congress has passed proper laws, permitting capital to be invested under beneficial conditions in the East, the Philippines, so long the victims of the inertia and oppression of one of the dying races, will blossom into one of the garden spots of the world. The common use in the Orient of American money, which is known everywhere as gold, since it is exchangeable for gold, the reign of American law at Manila, the inquiries there of American capitalists planning great enterprises for the employment of the people and the improvement of the country; the predominant use of the English tongue in all the marts of trade, and the appearance of the American flag on our cruisers and transports in Japanese and Chinese

ports, have opened the sleepy eyes of the East to the dominance of a new power. To the more thoughtful of the Eastern peoples, this dominance of our race, with all that it brings of the world's energy and knowledge, although it may wound their pride of blood, is the promise and the fulfilment of all the best that is attainable from modern civilization, conferring blessings alike on those who bring and on those who receive the new gospel of our high political aims and our irresistible economic power.

HENRY P. WILLIS: I suppose that we have all felt a good deal of pride in hearing about the atmosphere of industrial prosperity in which the people of the United States are now living, and that we experience a good deal of satisfaction in our ability to shut out the foreigner, or at all events leave few chances open to him. Yet I suppose there are some who are glad that, as one of the speakers was kind enough to suggest, the foreigner may yet have an opportunity of doing the cheaper work after the United States has selected the best tid-bits, and has received a suitable remuneration. I think the main reliance in this speaker's argument was the notion of the balance of trade, and in that connection he made considerable use of the statement that has been going the rounds in the press in the past few months about the enormous balance now owing to the United States by Europe. The balance, however, seems to be a vanishing quantity. One who has had exceptional opportunities for looking into the conditions in Europe—I refer to Mr. Vanderlip,—publishes in the current number of a well-known magazine an article in which he gives this information. He says there is no such balance, for after inquiring in the financial centers of

Europe he found no bankers who were willing to admit that there were large balances owing to the United States at the present time. In showing how it is that this notion of a trade-balance has arisen, he points out that a great deal of the alleged balance is due to the under-valuation of goods which are brought to this country, and which for obvious reasons are not stated at their true and market value. In various other ways, he finally argues the whole thing out of existence, and thus disproves the statements which depend upon it for support. Perhaps it would be well to bear this matter in mind when estimating the chances that the foreigner has in competing with the victorious people of the United States. It seems to me that, after all, the whole discussion of the beneficial or injurious effect of a balance of trade is one that might well be sent to join the controversy over the relations of creditor and debtor nations in the historical lumber room.

EDWIN R. A. SELIGMAN: I want to add only a word to the discussion. I think the Association is very much indebted to Mr. Adams for the admirable way in which he has called attention to the elementary forces that are instrumental in the shaping of social destinies. I agree, however, with one of the critics in believing that Mr. Adams has exaggerated that particular phase of the subject resulting in the statement that prosperity is due to the abundance or scarcity of the precious metals.

MR. ADAMS: I beg your pardon. What I said was: The metals in general—all metals—no one particular case.

MR. SELIGMAN: I am very glad to be corrected. I fear, however, that even with this explanation Mr.

Adams will not meet with universal approval in his discussion of the period following the gold discoveries of 1848. There is no doubt that the discoveries of the gold mines in California had a most tremendous influence upon our whole prosperity, but we must not forget that at the same time there were other forces which in my opinion exerted even a greater influence. It was just at that time, at the close of the forties, and beginning of the fifties, that in the United States settlers reached the Mississippi valley, and there was thus opened up the immense productive force of a region with the fruitfulness of which nothing in the world's history has been comparable. It was, therefore, not alone the discovery of gold that caused our prosperity, but it was also the immense impetus given to the production of the supply of wheat which enabled us to become an exporter of food products rather than an exporter of gold. Moreover, there is still another point; for at this period there was a fortunate concurrence of events which took place in Europe whereby for the first time a market opened itself to us for our cereals. It was, in fact, not so much the discovery of gold, as the reaching of the Mississippi valley which has completely changed the whole theory of government of the United States. From that time dates the rise of private corporations on a large scale; from that time dates the remarkable change which has come about in the theory and practice of the industrial relations of the individual to the state. It was not gold that was responsible for this.

There is one other thought which I should like to present to the Association, and that is the thought that because in past ages nations have been like individuals—have had their infancy, their maturity and their de-

cay—it does not follow that such is to be the case in the future. It is, indeed, a fact that up to within a very recent time all prosperity was very largely due, as Mr. Adams has so lucidly and admirably shown, to the shifting conditions of trade routes. But the conditions which made all prosperity depend upon commercial advantages are now passing away. What ever may be said of Karl Marx in other respects, it is undoubtedly true that he for the first time laid his finger on the point of real difference between ancient and modern civilization. Marx pointed out that so far as capital existed as a typical category in the nations of classic antiquity, it was primarily commercial capital. Whatever may have been his mistakes in other respects, he was entirely correct in the assertion that capital, in the sense of industrial capital, is essentially of modern birth, and above all the result of the last few centuries. It is only at the present time that we are beginning to see the results of the harnessing of nature to science. It is only now that we are on the very threshold of that immense development in the field of production, due to the utilization by men of the forces of nature to an extent such as never existed before. What does this mean? It means that science is not national. Science cannot be monopolized. The science of the future, and, therefore, the productivity of the future, is not to be the province of any one nation. It is to be the common possession of all those nations which attain civilization, and which acquire those mental and moral qualities that will enable them to make use of these great gifts.

It follows from this that my dream of the future is a very different one from that of Mr. Adams, and even from that of some of the other speakers. I do not believe that a careful reading of the development of the

last few decades, or the last few centuries, leads us to the conclusion that the economic supremacy of the future is to be bound up with any one nation. If that were so, we should despair of the future of the human race. The time is soon coming when all productive opportunities, so far as they rest upon the land and natural resources, will be entirely seized. There will be no new lands, no fresh lands, as has hitherto been the case. Rome, Greece and Babylon—all the rest of them—went down before the new comer, who rushed down upon the old country alive with all the vigor of a young and sturdy race. Very soon there will no longer be any possibility of a new comer, because the whole world will be partitioned up among the few huge empires, each of these impressing its own civilization upon the world. The world of the future, with its mastery of science, is large enough for the existence, not of one great nation, but of a half a dozen great world empires.

That outlook I think is bound to change our views, not alone of the economic future, but of the whole ethical and spiritual future of the world. It does not mean that England is necessarily going down because we are going up. That was a historical mistake of one of the speakers.

I should like to call attention to the fact that when Spain decayed, it was not England, but the Netherlands that attained the mastery of the seas. During the seventeenth century the Netherlands were the great industrial nation of Europe, because it was primarily in the Netherlands that the power of industrial capital first made itself felt, for reasons upon which I need not now enlarge. It is true that England gradually won the supremacy from the Netherlands, but as England went up, the Netherlands did not go down. The Netherlands

have remained from that time to this an industrial community of great force and prosperity in every respect. The reason that they have not played a greater role in the world's history is simply because of the small territorial basis on which their prosperity was erected ; but the Netherlands of to-day are still rich and prosperous. Now, as I take it, the England of the future is to be in a large way what the Netherlands have been during the last two centuries in a small way. England will remain rich, and its capitalists, like those of Holland, to-day, will be receiving their dividends from funds invested in every part of the world. England will, indeed, not retain the supremacy which a chance combination of events secured for her at the beginning of the nineteenth century, but no nation of the future can again have a monopoly such as that enjoyed recently by England. Not alone the British Empire, but the German and the French and the Russian and the American empire will divide up among them the resources of the world. There is room for all of them. It does not necessarily follow that because we are going up, they must go down.

HENRY B. GARDNER : I had it in mind to say a word along the line developed by Professor Seligman, but he has expressed his thought much better than I can express mine. Still there are some facts I wish to bring out in regard particularly to American trade during the decade of 1850 to 1860. If I understand Mr. Adams, he maintains that in that decade the discovery of the precious metals, and their export, was the main factor in our industrial growth. Professor Seligman has already referred to another important event which took place in that decade, namely, at that time we reached the fertile Mississippi valley in our westward expansion. Still an-

other extremely important fact is that the railway during that decade first began to make itself felt in our industrial life.

Mr. ADAMS: I beg pardon. What I said was that one of the difficulties previous to that time which prevented us from having a railway or industrial system was that we had not the capital, and that the gold which we got from California furnished us with the means for developing the country. That was the precise statement which I made.

Mr. GARDNER: I doubt the accuracy of even that statement. The reason we could not have a railway before that time was that the railway was not invented, and that it took some little time to develop it sufficiently to play a really important part in the industry of the country.

Another important fact was the change in England's trade policy, which occurred during the later forties, and which laid the foundation for the tremendous development of manufacturing industry which followed after 1850. If I remember rightly the growth in our foreign trade during the decade of 1850 to 1860 consisted primarily in the growth of cotton exports. Whereas, out of a total export of some hundred and thirty-five million dollars in 1850, our cotton exports amounted to seventy millions. During the next ten years the exports of cotton increased to over two hundred millions out of a total of three hundred and sixteen millions. That certainly would seem to have been the direct outcome of the new market created in England, and of the improvement in our transportation facilities. I believe that the development of the export of our food products as a principal element in our foreign trade did not come until the decade following the civil war. Thus the increased

market for American produce abroad would not seem to have been primarily due to the discovery of the precious metals in the United States. As a matter of fact, the precious metals did not play a principal part in the development of our foreign trade.

I would like also to say just a word in development of the thought which Professor Seligman presented so carefully in regard to the difference between ancient and modern conditions. The civilization of to-day is an industrial civilization, based upon the scientific development of natural resources. It follows that each country's economic well-being depends primarily upon the economic resources at its command, and upon the skill and efficiency with which those economic resources can be developed. It seems to me that this view has a very striking confirmation in what I might call the rehabilitation of the ancient civilizations, civilizations that had gone to decay in the struggle between nations, which Mr. Adams has depicted, but which now, with the help of modern scientific methods, are again taking their places among the producing and prosperous nations of the world. Egypt and India, under English influences, are acquiring a new civilization which bids fair to be a permanent civilization, and we may surely expect the same thing in the case of China. Rivalry between nations will determine their relative importance. It will affect the well-being of the nation by affecting the share which it has in the world's markets, as compared with other nations, but, as industrial life is organized at present, certainly the main determining factor is the industrial resources and the efficiency of the people who handle those resources. So long as resources and efficiency remain in the case of any nation, economic decay, in the sense which has been pictured, is an impossibility.

JOHN F. CROWELL: I had hoped to hear something

in this discussion of the effects of trade expansion in the United States upon the United States, inasmuch as we are primarily interested in this phase of the subject. I take the liberty to bring out a few effects which are bound to result from the expansion of our foreign trade. Our foreign trade has expanded geographically eastward, southward, and westward. The influence of the southward expansion has been to increase the accessions of commodities by way of our gulf ports, and change the whole tide of distribution through the Mississippi valley, thus reducing to a great extent the opportunities which the trunk line railway systems have in the command of the traffic in the interior. Some effect is already manifest in the export withdrawals of provisions, flour and grain by way of the Pacific coast. To-day the five great slaughtering centers and live stock markets on the Missouri and at the lower lakes are competing with the far northwestern ports for the command of live stock, and the Rocky Mountain states and territories are feeling the effects of that active competition between the seaboard ports on the Pacific and these markets in the Mississippi valley. One effect of this three-fold competition among the Gulf lines, the trunk lines, and the transcontinental lines, both in sending in and in bringing out, articles of traffic will be to modify the economic position of producers of the surplus products, especially in the central part of the United States, and gradually to change the level not only of prices but of railway rates and cost of distribution between the interior and the seaboard centers of distribution. These several phases it seems to me are entirely pertinent to the question in hand.

Now turning to the general character of this paper, it seems to me that this morning in the author's discussion we have had a splendid illustration of the deification of

the great economic superstition that the end of all existence is economic welfare. Economic progress is a function of the social aims of the community, and a means to these ends, not an end in itself.

The three fallacies in the discussion seem to my mind to be these: First, that a nation is an independent trading unit—an assumption which does not correspond to the fact. A nation with other nations forms a complementary commercial unit; to be an isolated commercial unit is for a nation simply to dig its grave and put its head in first. Second, that a nation that does not have all raw materials for making iron and steel, for example, within its boundary can not compete with a nation that has. In securing raw materials international boundaries are imaginary lines. It does not cost any more for Germany, for instance, to haul her ores from the Gallivera mines in northern Sweden, and ship them some hundred miles down the Baltic and thence up the Rhine, than it does to haul the ore from the mines a hundred miles from the head of the lakes to the Lake Superior docks, thence eight hundred miles down the lakes, and then two hundred and seventeen miles to Pittsburg. What we want is common sense and the study of geographical distances to burst the bubble of our fallacious reasoning about our living in a fool's paradise of economic superiority. Third, there is in this paper the fallacy of reasoning by analogy. Analogy has been running on all fours all over this platform, and there is no more fallacious way of reasoning. There is no analogy at all between the primitive conditions described in the beginning of this paper and the conditions now prevailing in the United States. Moreover, the metallic thread that runs through history is not the secret of history. The secret of history is a very different thing, a spiritual, a moral and an intellectual force.